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THIS IS UNEVALUATED INFORMATION FOR THE RESEARCH  
USE OF TRAINED INTELLIGENCE ANALYSTS

~~NEW INDUSTRIAL AND COMMERCIAL POLICY OF THE  
SHANSI-HOPEI-SHANTUNG-HONAN CENTRAL BUREAU~~

However, the industrial or commercial enterprise of a bureaucratic capitalist or an extreme antirevolutionalist will be disposed of by the border region government or administrative office. This action cannot be questioned by any group, organization, or individual. Once the property has been confiscated, it cannot be reallocated, and operation must continue without interruption.

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3. Labor unions and branches of the Party are required to cooperate with factory owners to promote economic development. Wages that are too high must be lowered through an agreement between the factory owner and the workers. Any oppression or exploitation of workers in public or private enterprises is forbidden.

Factory managers will organize three-men committees to promote production. It is suggested that this system be adopted first by the state-controlled enterprises to set an example for the private enterprises to follow.

4. Any ideology of monopolistic control by state-controlled industries must be eliminated. The people should work toward the establishment of an economy based on both state-controlled and private enterprises which would benefit both capital and labor.

All state-controlled enterprises which are harmful to the development of private enterprises must cease operations. Economic warfare must be waged against the enemy, but the laws governing it must be simple and clear. There must be absolute freedom of trade within the liberated areas, and all marketing controls now being imposed by the villages must be abolished and the organization of stock exchanges improved or abolished.

The Government Finance Bureau is required to cooperate with the Central Trade Corporation in granting loans throughout the year to promote production, and is responsible for issuing currency when necessary. The main function of the Central Trade Corporation is to stimulate the market and stabilize prices. The corporation, however, is not responsible for financial administrative matters.

6. All Party organs, units, factories and shops will receive direct guidance from the Party committee concerned or the government (Industrial and Commercial Control Bureau), and all special privileges are abolished. All private enterprises will be given equal treatment. Enterprises operating illegally will be brought back into line and closely supervised.

7. Restrictions will be placed on burdensome taxes on industry and commerce now being imposed by local offices. The border region government is the only agency authorized to assess taxes; no other agency can assess or increase taxes on their own. The income tax rate on profit accrued by the industrial and commercial enterprises has been set at about 15 percent. Discussions will be held /presumably between the government and the taxpayers/ to decide the method of collecting the taxes.

8. The general land law cancels all debts, but it does not apply to current commercial and industrial debts.

9. Regulations governing the functions and administrative system of the cooperatives will be issued. There will be stricter supervision over cooperatives to prevent illegal activities. There will be a reorganization of the cooperatives and a strengthening of leadership. Supply of resources will be regulated under a planned production progress. Cooperatives lacking sufficient capital may receive low-interest loans from banks for expansion and development.

10. There will be intensified training of military units in connection with policies regarding cities, industry, and commerce /presumably the new policy of protection of private enterprise/.

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11. It has been decided to hold an Industrial and Commercial Conference on 15 May 1948 to insure the success of this new policy with representatives from state-controlled enterprises, private enterprises, and the government. Past failures and successes will be analyzed, and the industrial and commercial policies of other districts and cities will be studied.

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